



U.S. Department of Justice

# REFERRED/RECOMMEND RELEASE

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## MEMORANDUM

TO: Robert Mueller, III  
Assistant Attorney General

FROM: Laurence A. Urganeon  
Chief, Fraud Section

SUBJECT: Prosecutive Memorandum - re  
Banca Nazionale del Lavoro

The U.S. Attorney's Office for the Northern District of Georgia (NDGa) plans to seek the return of a revised indictment charging five former officers and employees of Banca Nazionale del Lavoro (BNL) in Atlanta, Georgia, with conspiring to defraud and obtain money by false pretenses from BNL, and with violating a variety of other statutes. Also proposed as defendants are a defunct Turkish-owned corporation operating in New York, two Iraqi government banks (including the Central Bank of Iraq), the Ministry of Industry and Military Production of the Republic of Iraq and the NDGa proposes to bring the indictment at the February 1991 session of the Grand Jury in Atlanta, Georgia.

The proposed Iraqi, Turkish and Jordanian defendants are:

### I. Iraqi

#### 1. CENTRAL BANK OF IRAQ

The Central Bank of Iraq ("CBI") is the Iraqi government central bank. It is owned and controlled by the government of Iraq as its principal central financial institution. CBI regularly arranged or facilitated financing for purchases by ministries of the Iraqi government and by commercial and industrial projects of

those ministries. The usual method was for CBI to guarantee letters of credit issued by other Iraqi banks and then assigned to non-Iraqi banks including BNL's Atlanta agency office. Members of CBI's senior management sought, negotiated and obtained secret loans and credits from BNL-Atlanta that they knew to be forbidden by BNL's policies and standards, and took part in the concealment of these loans and credits. CBI is located in Baghdad, Iraq, and maintains numerous bank accounts in the United States and other nations.

## 2. RAFIDAIN BANK

Rafidain Bank ("Rafidain") is the principal Iraqi government-owned commercial bank. It regularly arranged or facilitated trade finance for Iraqi government entities and their non-Iraqi suppliers of goods and services by acting as originating or issuing bank, or taking the credit risk of funds advanced on behalf of such entities by other banks such as BNL-Atlanta. Rafidain acted as originating bank to arrange financing for Iraqi purchases guaranteed by the United States Department of Agriculture through the Commodity Credit Corporation ("CCC"), and for imports by Iraqi government ministries and enterprises. Letters of credit originated by Rafidain were then assigned to (bought by) BNL-Atlanta and concealed on its books from BNL official reports and reports to US government agencies including the Federal Reserve System. Rafidain is located in Baghdad, Iraq and in many respects appears to be a controlled arm of CBI.

## 3. THE IRAQI MINISTRY OF INDUSTRY AND MILITARY PRODUCTION

The Iraqi Ministry of Industry and Military Production was created in 1987 by unification of three ministries of the government of Iraq -- the Ministry of Industry, Ministry of Heavy Industries and the Military Production Branch of the State Organization for Technical Industries. The new Ministry is headed by]

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## II. Turkish

## 1. ENTRADE INTERNATIONAL LTD.

Entrade International, Ltd. ("Entrade") is a New York-based trading company specializing in the international trade of goods and commodities. Entrade is a wholly-owned subsidiary of several other companies, themselves wholly-owned by Enka Holding Investment Company, Inc. ("Enka") of Istanbul, Turkey, a prominent diversified Turkish conglomerate. Entrade sought and obtained unauthorized secret financing from BNL-Atlanta for exports to Iraq and for other purposes, often with U.S. government export guarantees or insurance. Entrade provided money and things of value for the personal use and benefit of BNL-Atlanta officers and employees in consideration for the unauthorized loans made to finance Entrade's exports to Iraq and elsewhere. Its New York City offices are no longer open.

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### III. Jordanian

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In October, 1990, the Fraud Section requested that searches be conducted at the National Security Agency, the Central Intelligence Agency, the State Department, the Defense Intelligence Agency and the National Security Council. Each Agency was provided a copy of a memorandum outlining the essential allegations and identifying the proposed individual defendants.